

Message Text

UNCLASSIFIED

PAGE 01 OTTAWA 00585 122155Z

21

ACTION EUR-12

INFO OCT-01 ISO-00 EB-07 COME-00 TRSE-00 CIEP-02 OMB-01

XMB-04 FRB-01 AGR-10 CIAE-00 INR-07 NSAE-00 /045 W

----- 058267

R 122113Z FEB 76

FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC 8804

UNCLAS OTTAWA 0585

E.O. 11652: N/A

TAGS: ECON, CA

SUBJ: RISE IN CPI FOR JANUARY

REF: OTTAWA 176

1. STATISTICS CANADA RELEASED ON FEB 12 CONSUMER PRICE INDEX FOR JANUARY SHOWING 0.6. PERCENT INCREASES. JANUARY CPI RISE WAS IN SHARP CONTRAST TO DECEMBER INCREASE OF ONLY 0.1 PERCENT. JANUARY CPI WAS 145.1 AS OPPOSED TO 144.3 IN DECEMBER (1971 EQUALS 100).

2. STATCAN ATTRIBUTED LATEST INCREASES IN CPI TO HIGHER PRICES FOR SHELTER AND DOMESTIC UTILITIES AND RETURN OF ONTARIO SALES TAX TO 7 PERCENT FROM PRE-JANUARY 1 LEVEL OF 5 PERCENT. FOOD PRICES ACTUALLY DECLINED FOR SECOND SUCCESSIVE MONTH, WITH FOOD INDEX DOWN 0.2 PERCENT (FROM 167.2 IN DECEMBER TO 166.8).

3. LOWER PRICES FOR BEEF (DOWN 2.3 PERCENT) AND POULTRY (DOWN 2.9 PERCENT) WERE CHIEF REASONS FOR DECREASE IN FOOD INDEX. ALL-ITEMS INDEX, EXCLUDING FOOD, MOVED UP 0.8 PERCENT (FROM 136.4 IN DECEMBER TO 137.5), WITH 1.1 PERCENT INCREASE IN HOUSING COMPONENT.

4. ON SEASONALLY-ADJUSTED BASIS, CPI ALSO INCREASED 0.6 PERCENT, WITH 0.4 PERCENT DECLINE IN FOOD INDEX AND 0.9 PERCENT RISE IN ALL ITEMS EXCEPT FOOD. CURRENT
UNCLASSIFIED

UNCLASSIFIED

PAGE 02 OTTAWA 00585 122155Z

ANNUAL RATE OF CHANGE IN CPI, BASED ON SEASONALLY-

ADJUSTED MOVEMENT SINCE THREE MONTHS EARLIER, WAS 7.2 PERCENT. PURCHASING POWER OF 1971 CONSUMER DOLLAR WAS C\$0.69.

5. COMMENT: JANUARY CPI FIGURES MAY NOT BE INDICATIVE OF SIGNIFICANT CHANGE IN SLOWDOWN OF RATE OF INFLATION IN CANADA SINCE THEY WERE SLIGHTLY SKEWED BY RETURN OF ONTARIO SALES TAX TO PRE-APRIL 1975 LEVEL. HOWEVER, SEVERAL MUNICIPALITIES, INCLUDING OTTAWA, ARE ANNOUNCING HIGHER REAL ESTATE TAXES WHICH WILL PUT UPWARD PRESSURE ON HOUSING INDEX COMPONENT IN MONTHS AHEAD, AND HIGHER FUEL PRICES ARE EXPECTED. CONTINUED UPWARD RISE IN EXCHANGE VALUE OF CANADIAN DOLLAR, NOW ABOVE PAR WITH U.S. DOLLAR, SHOULD ALSO RESULT IN HIGHER PRICES FOR IMPORTED GOODS.

6. GOC ANTI-INFLATION PROGRAM HAS NOW BEEN IN EFFECT FOR FOUR MONTHS. COINCIDENTALLY, ANNUAL RATE OF INCREASE IN CPI DURING THAT PERIOD HAS DROPPED BELOW DOUBLE DIGIT LEVEL FOR FIRST TIME SINCE EARLY 1974. HOWEVER, MOST OF DOWNWARD PRICE MOVEMENTS HAVE BEEN DUE TO CHANGED MARKET CONDITIONS (E.G. BEEF AND POULTRY) AND THERE IS NO CLEAR EVIDENCE THAT PROGRAM ITSELF HAS YET HAD ANY SIGNIFICANT EFFECT ON INDEX. JOHNSON

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: INFLATION, ECONOMIC CONDITIONS, DATA
Control Number: n/a
Copy: SINGLE
Draft Date: 12 FEB 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976OTTAWA00585
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760055-0022
From: OTTAWA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760255/aaaabwcu.tel
Line Count: 85
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 76 OTTAWA 176
Review Action: RELEASED, APPROVED
Review Authority: housmasa
Review Comment: n/a
Review Content Flags:
Review Date: 30 JUN 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <30 JUN 2004 by oatisao>; APPROVED <04 OCT 2004 by housmasa>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: RISE IN CPI FOR JANUARY
TAGS: ECON, CA
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006